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13 November 1962

MEMORANDUM FOR: Legislative Counsel

SUBJECT : Proposed Early Retirement Legislation

1. Mr. Bross indicated that you are planning on approaching Mr. Porter Hardy concerning the benefits to the Agency of the short form of the early retirement legislation. He also indicated that you desired written comments on the draft on the long form which we had previously discussed. The specific sections with which I was particularly concerned are as follows:

Sec. 202 (Page 5) - This would require the Secretary of the Treasury to maintain a special fund known specifically as the "Central Intelligence Agency Retirement and Disability Fund".

Sec. 211 (a) (Page 7) - This section would provide that the amounts deducted and withheld from the basic salary together with the amounts contributed to the Fund from Agency appropriations should be deposited by CIA in the Treasury of the United States to the Fund provided in Section 202.

Sec. 234 (e) (Page 21) - Provides for assignments of benefits receivable under the legislation and further provides that such assignments should be made on a form approved by the Secretary of the Treasury and a copy of the form deposited with the Secretary of the Treasury by the officer executing the assignment.

Sec. 261 (Page 30) - Provides that the Secretary of the Treasury shall prepare estimates of the annual appropriations required to be made to the Fund.

Sec. 262 (Page 30) - This section provides that the Secretary of the Treasury shall invest in interest-bearing securities of the United States such portions of the Fund as may not be immediately required for payment of benefits under this Act.

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It is believed that the provisions in each of these sections would cause rather serious security problems to us. If it is necessary to resubmit the proposed long form it is suggested that each of these sections be reworded basically to provide authority for the Director to establish and maintain the Retirement Fund.

2. The other item which we discussed earlier was the necessity for cleaning up wording so that the same words would mean the same thing in various parts of the legislation. For example, different terms mean substantially the same thing in the following:

Sec. 221 (a) (Page 8) states ". . . for which full contributions have been made to the Fund"

Sec. 231 (a) (Page 11) states ". . . who has five years of service credit toward retirement under the system. . ."

Sec. 234 (d) (2) (Page 20) states ". . . service credit toward retirement under the Central Intelligence Agency Retirement and Disability System. . . ."

It is possible that similar variations occur in other items although these are the only ones which were apparent to me in my review of the proposed legislation.

3. Some provision should be made to provide for the transfer of the Agency's contributions to the Civil Service Fund when the person is transferred from the Civil Service to the CIA Retirement System.

4. The above comments are the major problem areas which I noted. I will be glad to discuss the matter with you at your convenience if you so desire.

Assistant Comptroller

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14 August 1962

Honorable Lyndon B. Johnson
President of the Senate
Washington, D. C.

Dear Mr. Johnson:

This letter transmits for the consideration of the Congress a proposed amendment to the Central Intelligence Agency Act of 1949, as amended. The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. However, the Agency is unable in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high caliber personnel it needs, the Agency must make reasonable provision for the future of those individuals who must be separated before completing a full-term career of thirty or so years. Therefore, Section 3 of the proposed bill adds a new paragraph (g) to Section 5 of the Central Intelligence Agency Act of 1949, as amended, authorizing the Director of Central Intelligence to exercise the authority available to the Secretary of State under the Foreign Service Act of 1946, as amended, in order to establish a retirement and disability system corresponding to that available to Foreign Service Officers for a limited number of Agency employees.

Since all provisions pertaining to the retirement of Foreign Service Officers are not contained in a single Title of the Foreign Service Act and since it is possible that future amendments relating to retirement may occur elsewhere than in Title VIII, which is entitled "The Foreign Service Retirement and Disability System," it is necessary to make general provision for the Director of Central Intelligence to adopt provisions of law applicable to Foreign Service Officers for Agency employees. Additionally, most of the basic travel allowances and overseas benefits available to Foreign Service personnel are authorized for Agency employees by existing Section 4 of the Central Intelligence Agency Act of 1949, as amended. However, amendments to the Foreign Service Act over the years have of necessity required the Agency to seek legislation periodically in order to keep such authorities up to date and uniform with those available to Foreign Service personnel. Consequently, it is now proposed that the existing Section 4 of the Central Intelligence

Agency Act be rescinded by Section 2 of the proposed bill. In lieu of the rescinded authorities, the new Section 4 of the Central Intelligence Agency Act authorizes the Director to adopt and apply to Agency employees provisions of law applicable to Foreign Service personnel and to exercise with respect to Agency Employees the authority available to the Secretary of State for the purpose of having Agency Employees accorded appropriate benefits, rights, and allowances now authorized for Foreign Service Officers.

We consider enactment of the proposed bill to be essential to the effective performance of our mission and would appreciate early and favorable consideration. The Bureau of the Budget has advised that there is no objection to the presentation of the proposed bill to the Congress from the standpoint of the Administration's program.

Sincerely,

John A. McCone
Director

Enclosure

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